



STATE OF MICHIGAN 46th DISTRICT COURT

March 15, 2012

DISTRICT JUDGE

WILLIAM J. RICHARDS

248-796-5830

House Judiciary Committee
P.O. Box 30014
Lansing, Michigan 48909

Re: SB 269 - Small Claims Jurisdiction

Dear Honorable Chair and Judiciary Committee Members:

Thank you for hearing my testimony opposing this bill. SB 269 would raise the ceiling on cases filed in small claims court from its current \$3000 to \$8000. Among the many reasons why our Michigan District Judges Association (MDJA) opposes the bill are:

- The Legislature has already raised the ceiling five times from the original \$300 to more than adjust for inflation. Adjusted for the CPI, the ceiling should now be \$1900. So a sudden 266% jump to \$8000 cannot be justified as an inflationary adjustment.
- Small claims court lacks the safeguards we use in every other court to assure justice. No record of the proceedings, no lawyers, no rules of evidence, no discovery, no juries, and no appeal to circuit court. With this bill, more expensive mistakes will go uncorrected, and more judges' decisions will lack accountability.
- Small claims court is not a "court of record." The law prohibits a verbatim record.¹ This means that the judgment one gets in small claims court is harder to collect. The creditor cannot file his small claims court judgment under Michigan's Judgment Lien Act², nor can he enforce it in another state.
- It is a myth that lawyers will not represent creditors for "small" amounts. Lawyers do take cases under \$3000 on a contingent fee. Thus, businesses do not have to choose to either eat the loss or sue. They can sue with a lawyer and collect at least part of what they are owed.

¹ MCL 600.8411.

² MCL 600.2801-19

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- Changing the ceiling without changing other parts of the law is like increasing the size of a car's engine without checking to see if it will fit under the hood. The current small claims court law prohibits lawyers, collection agencies and anyone but the actual plaintiff or defendant. Litigants must have "direct and personal knowledge of the facts in dispute."³ Under this requirement, how will a paralegal representing a large credit union on a defaulted loan case qualify to sue in small claims court?

Sincerely,

A handwritten signature in cursive script that reads "Bill Richards".

William J. Richards
District Judge

WJR:wkf

³ MCL 600.8408(2).